

Offer 401-HHS-003: Medical Services

Offer Total: \$ 4,170,420,316

General Fund Need: \$ 1,050,301,985

Offer Description:

This offer maintains current Iowa Medicaid eligibility standards, and provides those services mandated by Title XIX for all eligible individuals at SFY 2011 rates.

This offer also provides all State Plan services which are not “mandatory” under Title XIX but which are medically necessary and currently covered by Iowa Medicaid.

This offer also seeks to maintain the contracts initiated in 2004 to operate and enhance activities of the Medicaid program through the Iowa Medicaid Enterprise and administrative functions as well as local staff necessary to deliver services.

Funding for the Health Insurance Premium Payment (HIPP) program is also included. The purpose of the HIPP program is to reduce Medicaid costs by obtaining health insurance for Medicaid-eligible people. Section 4402 of the Omnibus Budget Reconciliation Act (OBRA) permits states to pay the cost of enrolling an eligible Medicaid recipient in an employer group health insurance plan when it is determined cost-effective to do so. Medicaid program costs are reduced by establishing or maintaining a third-party resource as the primary payer of the recipient’s medical expenses. This is particularly true for persons who may not otherwise enroll in an available health insurance plan or who may drop health insurance once Medicaid eligibility is attained.

This offer continues the IowaCare program as initiated by House File 841 in the 2005 General Assembly. This will allow the Department of Human Services to continue to provide services to persons previously served under the “state papers” program and to draw down Federal matching funding for services provided.

SFY 2011 Enacted Budget (Status Quo Funding)

Medical Assistance*	\$ 396,438,086
Medical Assistance - ARRA Restoration	\$ 196,001,111
Medical Assistance - Cash Reserve Fund	\$ 172,800,000
Medical Assistance - Other**	\$ 41,005,435
Medical Assistance - Prior Year Shortfall	\$ 41,068,598
Medical Contracts	\$ 9,683,668
Medical Contracts - Other***	\$ 1,845,853
Field Operations	\$ 13,292,446
General Administration	\$ 7,568,798
Total State \$ Appropriated:	\$ 879,703,995

*This figure includes the following:

\$393,683,227 General Fund appropriation in SFY 2011 for Medical Assistance.
 \$2,297,649 from the \$10,049,532 General Fund appropriation to cover additional children under Medicaid and *hawk-i*.
 \$457,210 General Fund appropriation in SFY 2011 for HIPP

**This figure includes the following:

\$39,080,435 to replace Senior Living Trust Fund dollars.
 \$1,925,000 to replace one-time HCBS waiver funds received in SFY 2011.

***This figure represents the amount needed to replace Pharmaceutical Settlement Funds that will no longer be available in SFY 2012.

Funding Needed to Maintain the Current Service Level

Decision Package	Decision Package Description	Amount
1	Replacement of carry-forward dollars that were available in SFY 2011, but will not be available in SFY 2012.	\$ 53,463,995
2	Replacement of other revenues that will not be available in SFY 2012. This includes an assumed loss of \$33.7 million Federal dollars due to a decline in Iowa’s regular FMAP rate. This is partially offset by smaller revenue increases including CHIPRA performance bonus payment revenue (\$6.4M), hospital and nursing facility assessment fee revenue (\$0.6M), and the transfer of the HIPP general fund appropriation to Medical Assistance (\$0.5M).	\$ 26,188,189

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3	Increase in fee-for-service (such as hospital, physician, laboratory, etc) due to enrollment growth of 6.77% over SFY 2011.	\$	25,760,955
4	Increase due to growth in the utilization of fee-for-service and inflation in cost-based	\$	19,735,650
5	Increases in Medicare-related payments. This includes growth in the payment of Medicare Part A and Part B premiums and the Medicare Part D clawback payment. The increase is primarily due to an assumed Medicare Part B premium increase of 31% in calendar year 2011. Recipient growth is also contributing to the increase.	\$	14,149,973
6	Increase in nursing facility payments; primarily to fund the scheduled nursing facility rate rebasing.	\$	13,723,553
7	Home and community-based waiver (HCBS) increases due to recipient growth resulting from the annualization of the waiting list buy-down that occurred in SFY 2011; enrollment increases in the Elderly Waiver; and utilization/inflation increases in all of the waivers.	\$	6,129,462
8	Growth in mental health-related services which includes the Iowa Plan, Remedial, Habilitation, PMIC and Psychiatric services. The increase is primarily due to an expected increase in the number of recipients receiving these services. This increase was partially offset by an assumed transfer of the Remedial Services program to the Iowa Plan.	\$	4,636,801
9	Managed care increases; primarily due to the expansion of Iowa's Program of All-Inclusive Care for the Elderly (PACE). A new provider will be joining the PACE program in SFY 2012, and this is expected to increase recipient counts by nearly 50%.	\$	1,174,730
10	Increase in Targeted Case Management Services due to both member and utilization growth.	\$	712,915
11	Changes to all other Medical Assistance programs/payments. This includes items such as medical transportation, health insurance premium payments, administrative payments, appropriation transfers, and recoveries.	\$	(1,729,819)
12	Medical Contracts inflationary increases due to contract costs, operational costs, and Information Technology increases.	\$	88,375
13	NevadaCare Lawsuit - This lawsuit should come to an end in SFY 2011.	\$	(12,500)
14	IME Contract Transition Costs - All the transition costs should be incurred in SFY 2011.	\$	(176,349)
15	Funds additional inflationary cost to sustain operations and service delivery including workers compensation fees, postage, mainframe computer usage charges, and IT support (Medical Contracts - \$24,633) (General Admin - \$127,212).	\$	151,845
16	Field: This funds staff to maintain the current level of service for new cases. In order to timely and accurately determine eligibility for the Medical offer with the same caseload as SFY2011, Field Operations needs 65.16 FTEs in SFY2012.	\$	3,409,566
Total Requested for Current Service Level Funding:		\$	167,407,341

Funding for Improved Results

Decision Package	Decision Package Description	Amount
17	PASSR - We need to develop and implement a process for the IME to ensure compliance with the federal Preadmission Screening and Resident Review (PASRR) program requirements at 42 CFR 483, Subpart C (483.100-483.138).	\$ 190,650
18	Medicaid Management Information System (MMIS) Replacement - This project is necessary to meet ICD-10 compliance, as well as to enhance multiple other management and compliance initiatives. The current system cannot meet the needs of Iowa's Medicaid program, members, and providers any longer. After very careful consideration, the Department has determined that we must upgrade to a new system on a modern technology platform.	\$ 3,000,000
Total Requested for Improved Results Funding:		\$ 3,190,650

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General Fund Total	\$1,050,301,985
General Fund Change From Prior Year	\$170,597,991

Total Funding Summary:

State Funding Total:			\$1,295,904,604
Breakout:	Program	General Admin	Field
General Fund	\$ 1,025,903,963	\$ 7,696,010	\$ 16,702,012
SLTF	\$ -	\$ -	\$ -
Tobacco	\$ 106,916,532	\$ -	\$ -
Iowa Care	\$ 47,098,944	\$ -	\$ -
HCTA	\$ 5,154,212	\$ -	\$ -
Other****	\$ 83,450,779	\$ -	\$ 2,982,152
Total	\$ 1,268,524,430	\$ 7,696,010	\$ 19,684,164

****Includes nursing facility and hospital assessment fee revenue, the CHIPRA performance bonus payment, and pharmaceutical settlement funds.

Federal Funding Total:			\$2,391,174,215
	Program	General Admin	Field
TANF	\$ -	\$ -	\$ -
SSBG	\$ -	\$ -	\$ -
ARRA	\$ -	\$ -	\$ -
IowaCare	\$ 93,933,175	\$ -	\$ -
HCTA	\$ 3,635,414	\$ -	\$ -
Other	\$ 2,266,352,499	\$ 10,264,129	\$ 16,988,998
Total	\$ 2,363,921,088	\$ 10,264,129	\$ 16,988,998

Other Funding Total:			\$483,341,497
	Program	General Admin	Field
Other *****	\$ 483,341,497	\$ -	\$ -

*****Includes intra-state transfers, rebates and recoveries, Glenwood and Woodward ICF/MR, and county funded services.

Totals	Program	General Admin	Field	Offer Total
	\$ 4,115,787,015	\$ 17,960,139	\$ 36,673,162	
				\$4,170,420,316

FTEs included in offer:

FTEs	Admin	Field
	102.42	451.30
	Program	Other
	11.00	